

*Foreign Investment Act*

I cannot overstate the importance that is attached to these two amendments. Certainly, in the present context in Canada, they are absolutely essential. We have witnessed a growing tendency toward confrontation between Ottawa and the provinces. Recent examples involving the Minister of Energy, Mines and Resources (Mr. Macdonald), and his relationship with the province of Alberta in particular, underline the gravity of the situation. Federalism cannot survive this kind of unilateral back-of-the-hand approach on the part of the federal government. It is all the more annoying when it follows by only a few weeks a conference designed to convince the provinces, and the western provinces in particular, that Ottawa really cares about their views and wants to work with them in a co-operative and harmonious way. The provinces do not trust the federal government sufficiently to turn over to it, without reservation, so much arbitrary decision-making power. Those of us from all parts of Canada, but in particular representatives from the Atlantic provinces and the western provinces, have a solemn obligation to ensure that the provincial point of view is heard and that the provincial need is taken fully into account.

● (1640)

I should like to return now to the positive alternative which in the long run is far more significant in meeting the objective than the bill now before us. This was pointed out time and time again by witnesses giving evidence to the committee. It reflects the viewpoint not only of a number of business organizations, some energetic and imaginative individuals such as Messrs. Lee, Frank, Topping, Sinclair and others, but also that of the Canadian Labour Congress which decried the lack of an industrial strategy for Canada. The Minister of Industry, Trade and Commerce (Mr. Gillespie) may feel that a master blueprint is not the answer, but certainly he should be capable of giving us something more coherent and comprehensive than the ad hocery to which we have become accustomed. Of the seven or eight industries in which he claims we have industrial strategies, his contention is not supported by evidence in more than one or two cases.

The Progressive Conservative Party strongly believes that we must undertake a number of positive initiatives which will take full advantage of the Canadian potential, and give to Canadians individually the maximum range of choice as well as the maximum benefit from their efforts. I would like to repeat, briefly, the five steps that I outlined at the end of my speech on second reading of the bill.

First, Mr. Speaker, we have to get our economy much closer to its potential curve than has been the case in recent months and years. Admittedly, the growth rate this year has increased, but we are now informed that it is not sustainable and that next year we can anticipate a cut-back. It is alarming to be told that we are at, or near, our potential yet we still have a ridiculously high level of unemployment in Canada. Rather than attack the root problem, the government is making excuses and trying to change the location of the goal post. Instead of analyzing the situation logically and trying to achieve a level of unemployment of between 3½ per cent and 4 per cent—which by any reasonable standard is still excessive—the government is trying to condition us to get used to levels in excess of 5 per cent. By repeating over and over again

[Mr. Hellyer.]

that 5 per cent or above unemployment should be considered normal due to structural changes in our economy—whatever that might be—they expect us to believe it. Already they have had some success, and a number of professional economists and editorial writers have absorbed the new conventional wisdom as pronounced by the government and its apologists. This technique, which was so well perfected in another regime in the 1930's, should not go unchallenged. We can do better than that and if the present government is not capable of it, it should resign and let someone else with higher standards have a chance.

Of course, there are shortages of skills in some areas, Mr. Speaker. This is admitted. But there are also hundreds of thousands of people who are unemployed, and in most cases looking for work. The fact that for many of them the jobs being offered do not give sufficient incentive over and above unemployment insurance and welfare, has been verified many times. Even the Minister of National Health and Welfare (Mr. Lalonde) stated this well-known truth in one of his recent speeches. He did not take the next logical step which was to propose that something be done about it. This inertia has reached epidemic proportions amongst his cabinet colleagues.

Two things should be self-evident, Mr. Speaker, if we want to encourage people to leave the ranks of the unemployed and to enter the labour force, there must be an incentive for them to do so. Bluntly stated, that means they must be paid more, after deductions and fringe benefits, for working than they get for not working. Second, if demand is to be maintained at a high level so that jobs will be available for people wanting to work and for new entrants to the labour force, it is absolutely obvious that an incomes policy is necessary to stop the wage-price spiral on the more affluent side of our economy which is pushing costs and prices up well in excess of productivity.

The Canadian Manufacturers Association, in one of its sillier policy pronouncements, has just advised us that wage-price controls would treat the symptoms and not the major causes of inflation. What naiveté! A recent settlement in the construction industry in Calgary provided for a 32 per cent increase in wages, including fringe benefits, over a two-year period. That, Mr. Speaker, is not a symptom of inflation but, along with rising government expenditures and taxes, is a major cause of inflation.

Economic policies devised to reach and maintain our productive potential are fundamental, Mr. Speaker. The additional output does not need to reflect extra tin cans and useless consumption but rather the potential for the solution of our real problems of poverty, slums, pollution control, urban transportation, housing and, in the context of our discussion today, the savings necessary to enable Canadians to participate more fully in the ownership and control of their own industrial resource assets.

Step number two, Mr. Speaker, would be the introduction of tax and other laws designed to encourage Canadians to save in support of Canadian entrepreneurship. We do not have to consume all of our extra production; we can convert an increasing proportion to capital in order to enable us to own a greater share of our productive capacity. Imaginative proposals are required and a number have been made, including one put forward by my leader during